



Today's

Topic

**APAC REIT Markets (May 2019)****REITs will continue to be favored with their high dividend yields and growth expectations****Point 1****All 3 major REIT markets rose YTD  
Inflows of cash seeking for higher  
dividend yield**

- By May 21, the APAC REIT market has risen in all three major markets YTD. Singapore, Hong Kong and Australia rose by 12.3%, 22.7% and 16.8%, respectively.
- One of the attractions of REIT is its relatively high dividend yield. As monetary policies are shifting toward easing and interest rates are expected to remain low, capital inflows are likely to continue seeking for high dividend yields of APAC REITs.

**Point 2****Solid earnings and dividend yield  
growth  
The REIT markets continue to expand  
with large-scale development**

- Earnings growth is expected in APAC region, where economic growth continues, due to new property acquisitions and rent increase. In Singapore, for example, the development of large-scale facilities is expected to continue supported by government-led urban planning. Accordingly, growth can be expected in REITs with expansion in real estate market.
- Also in Hong Kong, the largest REIT is pursuing a business strategy of selling properties in Hong Kong at high prices and buying properties in mainland China to benefit from higher rents than Hong Kong. We expect its revenue growth by rent increase and high dividend yield growth supported by possible increase in number of properties in mainland China in its portfolio.

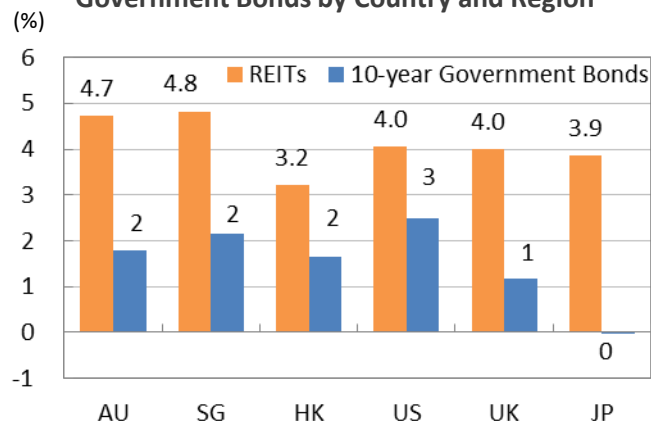
**Outlook****Investors are expected to remain attracted by strong earnings and high  
dividend yield of APAC REIT**

- Although the APAC economy may temporarily slowdown due to the recent resurgence of US-China trade friction, high economic growth is expected to continue. As interest rates are likely to remain low, APAC REIT will continue to be preferred with its high dividend yield and defensiveness as a nature. Especially in Australia, speculation of early cut in interest rates by RBA is growing, which is likely to be a tailwind for the REIT markets.

**Performance by Country and Region**

Country Region	YTD Performance		Past 1 Year Performance	
	Local Currency Basis	JPY Basis	Local Currency Basis	JPY Basis
Singapore	12.3%	12.1%	12.6%	11.5%
Hong Kong	22.7%	23.4%	39.3%	41.7%
Australia	16.8%	15.1%	22.9%	13.8%
APAC	16.6%	15.7%	22.9%	18.0%
Japan	10.9%	10.9%	16.4%	16.4%
United States	16.9%	17.9%	15.7%	17.8%
Global	15.9%	16.4%	14.0%	14.5%

(Note) Data from May 2018 to May 2019. Performance is calculated based on S&P Developed REIT Index (Total Return) by country and region.  
(Source) SMDAM, based on FactSet data.

**Dividend Yields of REITs and 10-year  
Government Bonds by Country and Region**

(Note) As of the end of Apr 2019. As for Dividend Yields, REITs are based on S&P Developed REIT Index (Total Return) by country and region and 10-year Government Bonds are based on Bloomberg L.P.  
(Source) SMDAM, based on FactSet and Bloomberg L.P. data.



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